



City of Grand Island

Tuesday, April 12, 2011

Council Session

Item G9

#2011-83 - Approving Amended & Restated Nebraska Public Power District and the City of Grand Island Electric Interconnection & Interchange Agreement

Staff Contact: Gary R. Mader

Council Agenda Memo

From: Gary Mader, Utilities Director
Jason Eley, Interim City Attorney

Meeting: April 12, 2011

Subject: Approving Amended and Restated Electric
Interconnection and Interchange Agreement with NPPD

Item #'s: G-9

Presenter(s): Gary Mader, Utilities Director

Background

The City of Grand Island electric system consists of a 115,000 Volt transmission loop encompassing the entire city with seven substations located along that loop. The substations reduce the voltage from 115,000 Volts to 13,800 Volts for distribution throughout the city. Prior to the development of a large regional transmission grid, towns and cities operated independently. However, with the development of the regional grid, benefits of interconnecting with other utilities were recognized. Increased reliability during events such as a power plant outages or failures of a transmission line segments can be supported by the increased interconnections with adjacent utilities. Grand Island established its first connection with NPPD on the east side of the city in 1968. In 1980, two additional connections were established on the south side of the city. In 1981, in order to establish roles and responsibilities for each party, the City of Grand Island entered into a formal agreement with Nebraska Public Power District (NPPD) known as the Electric Interconnection and Interchange Agreement. A fourth connection in the southwest corner of the city was made in 1999. A fifth connection, to the north of the City, is planned for construction next year.

Discussion

Until the last few years, the existing agreement was adequate to address the requirements of the industry. However, since the federal deregulation of the electric industry, the Federal Energy Regulatory Commission (FERC) and the National Electric Reliability Corporation (NERC) have expanded the national regulatory scheme for the electric industry across the country, creating governing organizations to control the operation of electric utilities and to require reporting of operational information.

The nation's electric grid has been divided into Regional Transmission Organizations (RTO) that ensure the reliability and stability of the system. Various reports are required to be filed with the appropriate RTO. In addition, utilities tend to be more dependent on each other due to increased regulations and requirements. These changes have caused the existing 1981 agreement to become obsolete. The Amended and Restated Electric Interconnection and Interchange Agreement provides the needed changes to address the interconnection of Grand Island Electric and NPPD. City Utility and Legal staff have reviewed the proposed agreement, finding it accurately reflects the requirements of the nation's electric industry as currently applicable to the Grand Island and Nebraska Public Power District interconnections.

Alternatives

It appears that the Council has the following alternatives concerning the issue at hand. The Council may:

1. Move to approve
2. Refer the issue to a Committee
3. Postpone the issue to a future date
4. Take no action on the issue

Recommendation

City Administration recommends that the Council approve the "Amended and Restated Electric Interconnection and Interchange Agreement" with Nebraska Public Power District.

Sample Motion

Move to approve the "Amended and Restated Electric Interconnection and Interchange Agreement" with Nebraska Public Power District.

**AMENDED AND RESTATED
NEBRASKA PUBLIC POWER DISTRICT
and
CITY OF GRAND ISLAND, NEBRASKA**

ELECTRIC INTERCONNECTION AND INTERCHANGE AGREEMENT

DATE: _____

ELECTRIC INTERCONNECTION AND INTERCHANGE AGREEMENT

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AMENDED AND RESTATED
NEBRASKA PUBLIC POWER DISTRICT
and
CITY OF GRAND ISLAND, NEBRASKA

ELECTRIC INTERCONNECTION AND INTERCHANGE AGREEMENT

This Amended and Restated Electric Interconnection and Interchange Agreement (Agreement) is made and entered into effective this ____ day of _____, 2011 by and between NEBRASKA PUBLIC POWER DISTRICT (NPPD), Columbus, Nebraska, a public corporation and political subdivision of the State of Nebraska, and the CITY OF GRAND ISLAND, NEBRASKA (City). The effective date of this Agreement shall remain June 26, 1981. NPPD and City, respectively being sometimes hereinafter referred to individually as “Party” or collectively as “Parties”.

WITNESSETH

WHEREAS, NPPD and City each own and operate electric generating and transmission facilities and are each engaged in the generation, transmission and sale of electric power and energy, and

WHEREAS, the respective transmission system of NPPD and City are presently interconnected and, from time to time, NPPD and City engage in the purchase and sale of energy pursuant to contractual arrangements between the Parties, and

WHEREAS, NPPD and City have certain obligations imposed by the North American Electric Reliability Corporation (NERC) or the applicable NERC regional entity which may change from time to time.

WHEREAS, NPPD and City desire to provide certain additional arrangements and to consolidate them with the existing arrangements in one contract to provide continued benefits of reliability and economy through interconnection of their respective transmission systems.

WHEREAS, City may from time to time receive power and energy from or deliver power and energy to NPPD or other parties not signatory to this Agreement, and NPPD's electric system is used for the transmission of power and energy received from or delivered to NPPD and such other parties, and

WHEREAS, NPPD and City wish to set forth the criteria governing the interconnected operation of their respective electric systems and the interchange of power and energy associated with said interconnected operation, and

WHEREAS, City and NPPD have mutual interests in the integrity of the interconnected facilities, and

NOW, THEREFORE, IN CONSIDERATION of the mutual covenants herein contained, the Parties hereto agree as follows:

ARTICLE 1
GENERAL

1.1 The Parties hereto shall operate their electric transmission systems in an interconnected manner and shall cooperate in furnishing through the Point(s) of Interconnection of their systems, in accordance with the terms and provisions of this Agreement, such quantities of electric power and energy as either Party may from time to time request.

1.2 The Parties acknowledge that the Federal Energy Regulatory Commission (FERC), North American Energy Regulatory Corporation (NERC), and the applicable NERC regional entity shall establish, monitor, and enforce compliance with the bulk electric system reliability standards, and that transmission facilities described in this Agreement are subject to compliance with those standards. The Parties agree to comply with the approved reliability standards issued by NERC or the applicable NERC regional entity, as they may be revised from time to time. NERC has developed a Compliance Monitoring and Enforcement Program (Program) that will be implemented and enforced by the applicable NERC regional entity, and it is the obligation of each Party that owns and/or operates transmission facilities to be responsible for conformity to this Program and all other applicable NERC standards. The Party that is the transmission facility owner/operator shall submit any required reports to NERC or the applicable NERC regional entity, and be responsible to remedy any violations of the standards, and pay any associated fines, penalties, mitigation costs or assessments due to failure to meet such requirements.

If, during the term of this Agreement, NERC is replaced by any successor organization, the Parties shall comply with the approved reliability standards of the successor organization in the same manner as with NERC Reliability Standards. The foregoing shall apply, whether or not City or NPPD, respectively, is a registered entity or member of NERC or such similar organization.

1.3 Each Party shall maintain utility responsibility for its own load, plus reserves and operate and maintain its system in a manner consistent with Prudent Utility Practices. Each Party agrees to comply with criteria, procedures, terms, conditions, and any other rules imposed on them by entities identified in Article 1, Section 1.2. It is the obligation of each Party to be individually responsible for compliance with reliability requirements

and any associated fines, penalties, mitigation costs or assessments due to failure to meet such requirements.

1.4 The respective systems of the Parties hereto are now or may be interconnected with other systems and other agreements for interconnection, mutual assistance, pooling, power supply and transmission service may exist or may be entered into between either Party and other systems. It is understood that the Parties intend to assist each other when requested by the other, but it is recognized that such other agreements may limit the capacities available to the Parties for assistance under the terms hereof.

1.5 Either Party shall have the right to refuse to deliver power or energy hereunder or, having begun such delivery, to curtail, restrict or discontinue such delivery, whenever, in such Party's sole judgment, such delivery will endanger its facilities or interfere with its obligations, now existing or hereafter created, to its customers or to other electric suppliers.

1.6 Prudent Utility Practices at a particular time means any of the practices, methods and acts which, in the exercise of reasonable judgment in the light of the facts (including but not limited to the practices, methods and acts engaged in or approved by a significant portion of the electrical utility industry prior thereto) known at the time the decision was made, would have been expected to accomplish the desired result at the lowest reasonable cost consistent with reliability, safety and expedition. In applying the standard of Prudent Utility Practice to any matter under this Agreement, equitable consideration should be given to the circumstances, requirements and obligations of each of the Parties and there shall be taken into consideration the fact that NPPD, a political subdivision of the State of Nebraska and the City, a municipal corporation, both with prescribed statutory powers, duties and responsibilities. It is recognized that Prudent Utility Practice is not intended to be limited to the optimum practice, method or act to the exclusion of all others, but rather is a spectrum of possible practices, methods, or acts which could have been expected to accomplish the desired result at the lowest reasonable cost consistent with reliability, safety, and expedition. Prudent Utility Practice includes due regard for manufacturers' warranties and the requirements of any governmental agency having jurisdiction.

ARTICLE 2
TRANSMISSION INTERCONNECTIONS

2.1 Facilities

2.1.1 The electric systems of the Parties are directly connected at the Point(s) of Interconnection identified on Exhibit A, which is attached hereto and incorporated herein by reference, and may be revised from time to time by mutual agreement of the Parties.

2.1.2 NPPD agrees to provide interconnection service for the power and energy of City to or from the Point(s) of Interconnection identified and defined on Exhibit

A, provided City has contracted for transmission service with the appropriate transmission service provider. City shall provide facilities of adequate capacity to deliver its total power and energy scheduled to or from such Point(s) of Interconnection on City's system.

2.1.3 City agrees to provide interconnection service for the power and energy of NPPD to or from the Point(s) of Interconnection identified and defined on Exhibit A, provided NPPD has contracted for transmission service with the appropriate transmission service provider. NPPD shall provide facilities of adequate capacity to deliver its total power and energy scheduled to or from such Point(s) of Interconnection.

2.2 Interconnections under this Agreement are for the benefit of both Parties, including enhanced reliability and other benefits of interconnected operation, and to provide further opportunities for more economical electrical service to their respective customers.

ARTICLE 3 **COORDINATING COMMITTEE**

3.1 The Parties agree to establish a coordinating committee, hereinafter referred to as "Coordinating Committee". The Coordinating Committee shall consist of one representative designated in writing by each Party, with each Party also designating an alternative who may act in the stead of the representative at the option of that Party. Either Party may at any time change its representative or alternate on the Coordinating Committee and shall promptly notify the other Party of any change in designation. Any representative, by written notice to the other member of the Coordinating Committee, may authorize his alternate to act temporarily in his place. Each member of the Coordinating Committee may invite other members of his organization or others, as his advisors, to attend meetings of the Coordinating Committee.

From time to time, to meet changing conditions, the Coordinating Committee shall establish operating procedures and standard practices with respect to this Agreement for the guidance of dispatchers and other employees as to matter affecting interconnected operations and transmission service pursuant to this Agreement and shall recommend arrangements for metering, communications, and other services and facilities. The Coordinating Committee shall have no authority to modify any of the provisions of this Agreement or to modify or set rates. The establishment of any procedure or practice or determination by the Coordinating Committee, within the scope of the Coordinating Committee's responsibility, shall be effective when signed by the designated representative of each Party.

3.2 The Coordinating Committee shall meet at such times as deemed necessary by either Party. Written minutes shall be kept for all meetings of the Coordinating Committee and decisions or agreements made by the Coordinating Committee shall be reduced to writing and signed by the members thereof.

3.3 The representatives constituting the Coordinating Committee shall be of equal authority, and all decisions made and directions given must be unanimous. If the Coordinating Committee is unable to agree on any matters within its jurisdiction, such matters shall be resolved by the mutual agreement of the Chief Executives of the Parties or their designated representatives.

3.4 Nothing contained in this Agreement shall be construed to constitute a waiver or surrender by either Party of its right to any action, in law or equity, to enforce all provisions of this Agreement and its rights hereunder. Notwithstanding the foregoing, in the event of a judicial or administrative proceeding on account of any disputed matter, the Parties shall continue to make payments in accordance with Article 7 of this Agreement until the matter has been finally determined, at which time any necessary adjustments shall be made.

ARTICLE 4
RESERVES, ENERGY INTERCHANGE AND TRANSMISSION

4.1 Reserves

4.1.1 City shall maintain at all times during each month a combination of generation capacity and firm capacity purchases to allow the City to meet its peak load plus an amount for reserves based upon the then current NERC or regional entity standards.

4.1.2 City shall provide operating reserves in accordance with the requirements of NERC or regional entity standards. City may provide operating reserves by self supply, by purchase from NPPD, participation in a reserve sharing pool, or through purchase from a third party. If a supplier other than NPPD provides operating reserves, including self supply, NPPD shall have the right to verify that such reserves are provided in a sufficient manner. If the reserves are not provided in a sufficient manner, NPPD will be deemed to have provided the reserves under its applicable Transmission Service Rate Schedule, see Exhibit B.

4.2 Schedules

4.2.1 The City shall furnish its Balancing Authority (currently NPPD), with all transaction schedule information in accordance with the applicable NERC Standards, for power and energy which is delivered or received by the City.

4.2.2 Scheduling System Control and Dispatch charges shall apply in accordance with the applicable Transmission Service Rate Schedule.

4.2.3 Schedules must be confirmed by both the receiving and delivering Party prior to acceptance. In addition, appropriate transmission arrangements must be in place prior to acceptance of the related schedule(s).

4.2.4 City shall schedule, in advance, any energy generated in excess of City's requirements during the test of its generating equipment for delivery to a prearranged purchaser.

4.3 Transmission

4.3.1 Effective April 1, 2009, NPPD joined the Southwest Power Pool (SPP) as a transmission owner, and placed its transmission system under the SPP Open Access Transmission Tariff (OATT). All new requests for Transmission Service (other than for Ancillary Services only) made after April 1, 2009 shall be made under the provisions of the SPP OATT. SPP is the current regional transmission planning authority.

4.3.2 For transmission service grandfathered within SPP and for as long as such service is grandfathered within SPP, the applicable NPPD transmission service rate schedule shall govern such grandfathered service.

4.3.3 Should the SPP ever be replaced with a similar organization, or should NPPD ever change transmission service providers, such replacement, or new transmission service provider tariff shall succeed the SPP OATT or the successor tariff under which NPPD operates its transmission facilities.

ARTICLE 5 **SYSTEM OPERATION, MAINTENANCE AND PLANNING**

5.1 The systems of the Parties shall be operated interconnected continuously under normal conditions and the Parties shall cooperate in keeping the frequency of the interconnected systems of the Parties at 60 Hz as closely as is practicable, and in keeping the interchange of power and energy between the systems of the Parties as closely as is practicable to the scheduled amounts. If synchronous operations of the Parties' systems become interrupted, the Parties shall cooperate to remove the cause of the interruption as soon as practicable and restore their systems to normal interconnected operating condition. The interconnected facilities herein are a part of a statewide transmission system and, through interconnection, a part of a regional transmission system. Notwithstanding any provisions of this Agreement, NPPD shall have the sole right to exercise control of the interconnected transmission facilities herein as a part of the statewide regional transmission system.

5.2 The systems of the Parties shall normally be operated and maintained to minimize, in accordance with Prudent Utility Practice, the likelihood of a disturbance originating in the system of one Party causing impairment to the service of the system of the other Party or of any other system with which either Party is interconnected.

5.3 Each Party shall be responsible for the reactive volt-ampere requirements of its system. Reactive volt-amperes may be interchanged between systems from time to time, subject to agreement between the Parties, when benefit to one system may be gained thereby without causing hardship to the other system.

5.4 Each Party shall maintain voltage levels on its system at the Point(s) of Interconnection as are deemed appropriate by the Coordinating Committee and are compatible with interconnected operations with other systems.

5.5 To the extent it can be controlled, neither Party shall impose any abnormal load upon the facilities of the other Party in excess of their safe and proper capacity as determined by each Party with respect to facilities it owns. If emergency conditions arise on the system of one Party which overloads the facilities of the other Party, the Party on whose system the emergency arises shall take steps immediately to reduce the load on such overloaded facilities to their safe and proper capacity, even though this may involve dropping load.

5.6 Each Party shall provide on its respective electric system the necessary communications, telemetering and control facilities to include the Point(s) of Interconnection between the Parties in its respective control system and shall operate such electric system in a manner to minimize, to the extent practicable, the unscheduled flows through such Point(s) of Interconnection. It shall be the responsibility of each Party to operate its electric system so as to maintain the net power flow, into or out of its electric system from or to all systems with which the Party's system is interconnected, to the net scheduled amounts. In as much as the electric systems of NPPD and City operate in parallel and are now or may be interconnected with other electric systems and since it is recognized that at times a portion of the power and energy scheduled for delivery between the Parties hereto may actually flow through another electric system not owned by a Party to this Agreement, the portion of the scheduled power flowing through such electric system shall be considered to have been delivered by the supplying Party the same as though the entire scheduled amount had been delivered through the Point(s) of Interconnection between the Parties.

5.7 In addition to meter records, the Parties shall keep such log sheets and other records (as determined by the Coordinating Committee) as may be needed to afford a clear history of the various movements of power and energy into and out of the systems of the Parties in transactions hereunder and in transactions involving either Party hereto under other agreements, and to effect such differentiation as may be needed in connection with settlements in respect to such transactions. The originals of all such meter records, log sheets and other records shall be open to inspection by representatives of the Parties. Each Party shall furnish to the Coordinating Committee appropriate data from meter registrations and from other sources on such time basis as is determined by the Coordinating Committee when such data is needed for settlements, special tests, operating records or for other purposes consistent with the objectives hereof.

5.8 All power and energy transactions between the Parties shall be scheduled in advance and all billings shall be based on such schedules rather than on metered quantities unless otherwise specifically agreed to by the Parties. Each Party shall notify the system operator of the other Party before intentionally taking power or energy. Schedules for all transactions between the Parties shall be furnished to the respective

system operators in accordance with current business practices for power and energy to be delivered between the Parties. Additions or modifications to the schedules so established may be made in accordance with NERC standards.

5.9 Either Party may from time to time purchase from or sell to a third party electric power and energy to be transmitted over the electric transmission system of the other Party. The purchasing or selling Party shall obtain transmission service from the appropriate transmission service provider pursuant to the business practices of the respective transmission service provider. Provisions for billings and payments shall be the same as those for interchange of power and energy as set forth in Article VII of this Agreement.

5.10 The Parties recognize that inadvertent variations may occur between the amount of energy that is scheduled in any hour by City (Energy Scheduled) and the amount of energy that is delivered in such hour to satisfy City's obligations (Energy Delivered). Scheduling deviation occurring as a result of over/under scheduling by City, pursuant to this Agreement shall be accounted for on an hourly basis, in accordance with the energy imbalance provisions of the applicable rate schedule.

5.11 Each Party shall be responsible for equipment maintenance, renewals, and replacements of facilities that it owns. Each Party shall maintain equipment that might reasonably be expected to have impact on the operations of the other Party in a safe and efficient manner and in accordance with Prudent Utility Practice, as set forth in Article I, Section 1.6. The Parties agree to coordinate the operation of the Transmission Facilities at the Points of Interconnection identified on Exhibit A in accordance with Prudent Utility Practice.

5.12 City and NPPD shall jointly plan transmission facilities in and around the Grand Island chartered service area. City and NPPD shall coordinate the future development of transmission facilities in order to maintain reliability and to provide adequate transmission capacity to accommodate the aggregate load and generation within City's system. All joint plans and planning activities shall conform to applicable NERC and regional transmission planning and system design standards. City and NPPD shall conduct joint planning studies. City and NPPD shall provide required joint data to develop the transmission planning models. NPPD shall submit required modeling data to the regional planning authority in accordance with the annual regional model building effort. City will provide all applicable data to NPPD such as future load projections, inter-regional transactions, generation capability, and any physical transmission system modifications and any necessary updates to the 5 and 10 year plan. Pertaining to the joint transmission facility modifications, the joint planning effort will provide the annual reviews part of the 10 year plan; recommendations shall be made specifying the ownership responsibility, type, timing and approximate location of transmission facility revisions, additions, and removals. The agreed upon plan shall be reviewed annually by City and NPPD or upon request of either Party. City shall be responsible to pay NPPD for its applicable share of costs incurred by NPPD to perform work associated with joint planning efforts.

ARTICLE 6
MEASUREMENT OF ELECTRIC POWER AND ENERGY

6.1 The electric power and energy delivered through the Point(s) of Interconnection shall be measured at the Point(s) of Measurement identified on Exhibit A. Electric metering installed at the Point(s) of Measurement shall record four quadrant kilowatt-hour and kilovar-hours at 15-minute intervals if required for billing purposes.

NPPD shall provide or cause to be provided complete metering equipment, including instrument transformers of revenue metering accuracy, at or near Point(s) of Interconnection located at substation facilities owned by NPPD. NPPD shall permit City to utilize available metered quantities for the purpose of telemetering said quantities as required for City's operations. City shall be responsible for installation, ownership, operation and maintenance of all facilities necessary to interface and transmit information concerning said quantities to other locations as required for City's operations, provided that such installation, operation and maintenance is performed under the supervision of authorized NPPD personnel.

City shall provide or cause to be provided complete metering equipment, including instrument transformers of revenue metering accuracy, at or near Point(s) of Interconnection located at substation facilities owned by the City. City shall permit NPPD to utilize available metered quantities for the purpose of telemetering said quantities as required by for NPPD's operations. NPPD shall be responsible for installation, ownership, operation and maintenance of all facilities necessary to interface and transmit information concerning said quantities to other locations as required for NPPD's operations, provided that such installation, operation and maintenance is performed under the supervision of authorized City personnel.

Where Point(s) of Interconnection are not located at a substation, the Parties shall mutually agree on the location of the metering equipment which shall be owned and maintained by the Party owning the facility where the metering equipment is installed. The Parties shall agree upon the metering equipment to be installed prior to installation of such equipment. Both Parties hereby grant to the other the right to install and maintain the necessary equipment in the substation of the other Party necessary for City or NPPD to perform its functions under this Agreement and grants ingress and egress to the other Party to install, remove, or maintain such equipment. Each Party shall coordinate such activities through the other Party's system operator.

6.2 All metering equipment required for the purposes of this Agreement shall be maintained by the owner in accordance with Prudent Utility Practices. The aforesaid metering equipment shall be tested in accordance with applicable requirements and at such other times as the owner elects. The expense involved in such repair tests shall be borne by the Party owning the metering equipment. On written request of either Party, special tests shall be made. In the event such special test discloses an inaccuracy in excess of two (2) percent the cost of such test shall be borne by the owner of such metering equipment, and if such test discloses an inaccuracy of two (2) percent or less

the cost of such test shall be borne by the requesting Party. Either Party shall afford opportunity to representatives of the other Party to be present at all regular or special tests, if desired. All Point(s) of Measurement meters located at the Point(s) of Interconnections shall be kept under seal, such seals to be broken only when the meters are to be tested or adjusted.

6.3 If any test of metering equipment discloses an inaccuracy exceeding two (2) percent, the Parties shall be promptly notified and the accounts between the Parties for service supplied shall be adjusted in accordance with this Section. Such correction and adjustment shall be made from the date the meter became inaccurate, if known. If this cannot be determined, then such adjustment shall be made for the previous month or from the date of the latest test if within the previous month and for the elapsed period in the month during which the test was made. Should any metering equipment at any time fail to register or should the registration thereof be so erratic as to be meaningless, the power and energy transmitted shall be determined by the Parties from the best available data pursuant to procedures developed and approved by the Coordinating Committee.

6.4 Each Party shall read the meters it owns as promptly as practicable after the end of each month. Each Party shall furnish to the other appropriate data from meter registrations and from other sources in such detail and with such segregations and on such time periods as are established by the Coordinating Committee, when such data is needed for billings, settlements, special tests, operating records, or for other purposes consistent with the objectives hereof.

ARTICLE 7
PAYMENT

7.1 Billings and payments for interchange of power and energy shall be rendered each month in accordance with the following procedures:

- 7.1.1 For billing purposes, the amount of energy scheduled for delivery pursuant to this Agreement by the supplying Party to the receiving Party shall be deemed to be the amount delivered for interchange service under this Agreement unless otherwise agreed upon between the Parties.
- 7.1.2 Billing for any transaction involving generation or transmission capacity pursuant to this Agreement, shall be based upon the amount of such capacity committed in advance.
- 7.1.3 All bills for interchange of power and energy supplied pursuant to this Agreement shall be rendered monthly by the supplying Party to the purchasing Party, normally not later than thirty days after the end of the period to which such bills are applicable. Unless otherwise agreed upon by the Coordinating Committee, such periods shall be from 12:00 a.m. of the first day of the month to 12:00 a.m. of the first day of the succeeding month. Bills shall be due and payable within thirty days from the date such bills are rendered, and payment shall be made when due and without

deduction. Interest on any unpaid amount from the date due until the date upon which payment is received shall accrue at the rate of one percent per month or pro rata fraction thereof.

7.2 Billings for City's WAPA delivery is provided for in Exhibit C-1.

7.3 If a Party desires to dispute all or any part of the charges submitted by the other Party pursuant to this Agreement, the disputing Party shall nevertheless pay the full amount of the charges when due and give a written notice to the other Party within sixty (60) days from the date the billing is rendered, which notice shall fully describe the basis for the dispute and set forth a detailed statement of the disputed issue(s), the amount in dispute and the relief sought; provided, however, if the basis for such dispute could not have been discovered by reasonable diligence within said sixty (60) days, any such notice shall be given, if at all, within sixty (60) days of the date of such discovery or within eighteen (18) months from the date the billing is rendered, whichever occurs first. The disputing Party will not be entitled to any adjustment on account of any disputed charges not brought to the other Party's attention within the time and in the manner herein specified. If resolution of the dispute results in a refund to the disputing Party, an amount of interest shall be added to the refund. Such interest shall accrue and be compounded daily on the amount to be refunded, beginning from (i) the date of payment of the disputed amount or (ii) receipt of the notice of dispute, whichever is later, and ending on the date the refund is made, using for each day the lowest United States prime rate of interest published on that day (or the last previous publication day if not published on that day) in the money rates section of the Wall Street Journal. Each such daily interest calculation shall be on the basis of actual days and a three hundred sixty-five-day (365-day) calendar year.

ARTICLE 8 **TERM AND EFFECTIVE DATE**

8.1 This Agreement shall become effective on the date first above written and shall remain in effect until the 1st day of January, 2021, and thereafter, from year to year unless terminated by either Party giving six (6) months written notice to the other Party of its desire to terminate the Agreement.

ARTICLE 9 **INDEMNITY**

9.1 During the term of this Agreement, each Party shall indemnify, hold harmless and defend the other Party, its agents, servants, employees and officers, from any and all costs and expenses, including but not limited to attorney's fees, court costs and all other amounts which said other Party, its agents, servants, employees and officers is or may become obligated to pay on account of any and all demands, claims, liabilities or losses arising or alleged to have arisen out of, or in any way connected with, the negligent acts or omissions of the indemnifying Party, its agents, servants, employees or officers, whether such demands, claims, liabilities or losses be for damage to property, including

property of the Parties or injury or death of any person, including agents, servants, employees or officers of the Parties.

ARTICLE 10
UNCONTROLLABLE FORCES

10.1 Neither Party shall be considered to be in default in performance of any obligation hereunder, other than the obligation to make payments as provided in this Agreement, if failure of performance shall be due to uncontrollable forces; the term “uncontrollable forces” meaning any cause beyond the control of the Party affected, including, but not limited to, an act of God, flood, earthquake, storm, fire, lightning, epidemic, war, riot, civil disturbance, labor disturbance, sabotage, acts or threats of terrorism and actions to protect against or prevent the same, restraint by court order or public authority including court orders, injunctions, and restraint by governmental agencies with proper jurisdiction prohibiting or failing to approve acts necessary to performance hereunder or permitting any such act only subject to unreasonable conditions, or failure of equipment or inability to obtain or ship materials or equipment because of the effect of similar causes on suppliers or carriers, which by the exercise of due foresight such Party could not reasonably have been expected to avoid and which by exercise of due diligence it shall be unable to overcome. Neither Party, however, shall be relieved of liability for failure of performance if such failure be due to causes arising out of its own negligence or to removable or remedial causes which it fails to remove or remedy with reasonable dispatch. Nothing contained herein, however, shall be construed to require either Party to prevent or settle a strike or labor negotiations against its will.

ARTICLE 11
TAX CLAUSE

11.1 Any tax imposed upon the seller and levied upon or measured by power or energy supplied by either Party to the other Party shall be added to the bill rendered by the Party supplying the power or energy.

ARTICLE 12
WAIVERS

12.1 Any waiver at any time by either Party of its rights with respect to a default under this Agreement, or with respect to any other matter arising in connection with this Agreement, shall not be deemed a waiver with respect to any other default or matter. Any delay short of the statutory period of limitation in asserting or enforcing any right shall not be deemed a waiver of such right.

ARTICLE 13
SUCCESSORS AND ASSIGNS

13.1 This Agreement shall be binding upon and inure to the benefit of the successors, legal representatives or assigns of the respective Parties; provided, however, neither Party shall assign this Agreement nor any part hereof without the express written consent of the other Party, which consent shall not be unreasonably withheld, nor shall a Party be relieved of its obligations hereunder by an assignment of less than all of the benefits and burdens hereunder or impose additional obligations or burdens on the other Party by an assignment of this Agreement or any part hereof.

13.2 The provisions of this Agreement shall not create any rights in favor of any person, corporation, or association not a Party of this Agreement and the obligations herein assumed are solely for the use and benefit of the Parties to this Agreement.

ARTICLE 14
GOVERNING LAW

14.1 This Agreement is made subject to and shall be governed by and construed in accordance with the laws of the State of Nebraska and the authority granted to NPPD and City there under.

ARTICLE 15
CAPTIONS

15.1 Captions of the various articles herein are intended for convenience of reference only and shall not define or limit any of the terms or provisions thereof.

ARTICLE 16
NOTICES

16.1 Any notice or demand under or required by this Agreement shall be deemed properly given by NPPD if sent by registered or certified mail and addressed to the Director of Utility Operations, City of Grand Island, P.O. Box 1968, Grand Island, Nebraska 68802, and by City if sent by registered or certified mail to the President and CEO, Nebraska Public Power District, P.O. Box 499, Columbus, Nebraska 68602-0499. The foregoing designations of the name or address to which notice or demands are to be directed, may be changed at any time by written notice given by either Party to the other.

16.2 Any notice or request of a routine character in connection with the delivery of power and energy, or in connection with the operation of facilities, shall be given in such manner as the Coordinating Committee or the authorized representatives of the Parties from time to time shall arrange.

ARTICLE 17
AMENDMENTS

17.1 Neither this Agreement nor any part hereof may be terminated, amended, supplemented, waived or modified except by an instrument in writing signed by the Party against which the enforcement of the termination, amendment, supplement, waiver or modification is sought.

IN WITNESS WHEREOF, the Parties hereto have caused this Amended and Restated Agreement to be executed in duplicate by their duly authorized officers or representatives as of the day and year first above written.

NEBRASKA PUBLIC POWER DISTRICT

CITY OF GRAND ISLAND, NEBRASKA

By: _____

By: _____

Printed Name: Patrick L. Pope

Printed Name: _____

Title: Vice President & Chief Operating Officer

Title: _____

Date: _____

Date: _____

NEBRASKA PUBLIC POWER DISTRICT
and
CITY OF GRAND ISLAND, NEBRASKA
ELECTRIC INTERCONNECTION AND INTERCHANGE AGREEMENT (Agreement)
EXHIBIT "A"

INTERCONNECTION FACILITIES

1. GRAND ISLAND SUBSTATION - SUBSTATION "E" INTERCONNECTION:

- 1.1 Point of Interconnection – The point at which the City’s 115 kV transmission Line L-1093 is attached to the substation structure in NPPD’s Grand Island 115 kV Substation.
- 1.2 Metering (Point of Measurement) and Point of Delivery – Interchange meters shall be located in NPPD’s Grand Island 115 kV Substation and will be owned by NPPD. The Point of Delivery shall be at the Point of Interconnection and any losses between the Point of Delivery and the interchange meters shall be considered zero.
- 1.3 Ownership, Operation, and Maintenance – The facilities associated with this interconnection located in NPPD’s Grand Island 115 kV Substation to the Point of Interconnection including the revenue metering equipment and relays will be owned, operated, and maintained by NPPD. The facilities at the City’s Substation “E” and City’s 115 kV transmission line L-1093 between City’s Substation “E” to the Point of Interconnection in NPPD’s Grand Island 115 kV Substation will be owned, operated, and maintained by the City.

Ownership of facilities associated with this interconnection are generally described in Figure 1 of this Exhibit “A”.

2. GRAND ISLAND SUBSTATION "D" INTERCONNECTION

- 2.1 Point of Interconnection – The point where City’s double circuit 115 kV transmission line is attached to NPPD’s 115 kV transmission lines, L-1145-A and L-1145-B, at NPPD’s structure No. 1178.

- 2.2 Metering (Point of Measurement) and Point of Delivery – Interchange meters for each of the 115 kV double circuit transmission lines shall be located in the City’s Substation “D”. The Point of Delivery shall be at the Point of Interconnection and any losses between the Point of Delivery and the interchange meters shall be considered zero.
- 2.3 Ownership, Operation and Maintenance – NPPD shall be responsible for ownership, operation and maintenance of the intertie structure No. 1178, transmission line L-1145-A between said intertie structure and NPPD’s Doniphan 115 kV Substation and transmission line L-1145-B between said intertie structure and NPPD’s Grand Island 115 kV Substation. The facilities at City’s Substation “D” and the 115 kV double circuit transmission line between said intertie structure and said substation shall be owned, operated, and maintained by City. City shall be responsible for ownership and maintenance of all relays and carrier equipment associated with this Interconnection and located in City’s Substation “D”. NPPD shall own and maintain all relays associated with this Interconnection and located in NPPD’s Grand Island 115 kV Substation.

Ownership of facilities associated with this Interconnection are generally described in Figure 1 of this Exhibit “A”.

3. GRAND ISLAND SUBSTATION – SUBSTATION “A” INTERCONNECTION:

- 3.1 Point of Interconnection – The point where NPPD’s 115 kV line No. L-1149 connects to the City’s 115 kV structure at the City’s Substation “A”.
- 3.2 Metering (Point of Measurement) and Point of Delivery – Interchange meters shall be located in the City’s 115 kV Substation “A” and will be owned by the City. The Point of Delivery shall be at the Point of Interconnection and any losses between the Point of Delivery and the interchange meters shall be considered zero.
- 3.3 Ownership, Operation, and Maintenance – NPPD shall be responsible for ownership, operation, and maintenance of NPPD’s facilities at the City’s double circuit structure No. A-16 and NPPD’s transmission line L-1149 between the City’s Substation “A” and NPPD’s Alda 115 kV Substation. The City shall be responsible for ownership, operation, and maintenance of City’s facilities at City’s Substation “A”, the City’s 115 kV double circuit transmission line L-1061 between said double circuit structure A-16 and said substation. City shall be responsible for ownership and maintenance of City owned relays associated with this interconnection and located in City’s Substation “A”. NPPD shall own and maintain all revenue metering equipment, relays and carrier equipment associated with transmission line

L-1149 at City's Substation "A" and the associated relays located in NPPD's Alda 115 kV Substation.

Ownership of facilities associated with this interconnection is generally described in Figure 1 of this Exhibit "A".

4. ST. LIBORY SWITCH STATION – SUBSTATION "F" INTERCONNECTION:

- 4.1 Point of Interconnection – The point where the City's 115 kV line No. L-1369 connects to the 115 kV steel dead-end structure at NPPD's St. Libory 115kV switching station.
- 4.2 Metering (Point of Measurement) and Point of Delivery – Interchange meters shall be located in NPPD's St. Libory 115 kV switching station and will be owned by the NPPD. The Point of Delivery shall be at the Point of Interconnection and any losses between the Point of Delivery and the interchange meters shall be considered zero.
- 4.3 Ownership, Operation, and Maintenance – NPPD shall be responsible for ownership, operation, and maintenance of NPPD's St. Libory 115kV switching station. The City shall be responsible for ownership, operation, and maintenance of City's 115kv transmission line No. L-1369 up to and including the dead-end assemblies on the line side of NPPD's steel dead-end structure inside NPPD's St. Libory 115kV switching station. NPPD shall own and maintain all revenue metering equipment and relays associated with this interconnection located in NPPD's St. Libory 115 kV switching station.

Ownership of facilities associated with this interconnection is generally described in Figure 1 of this Exhibit "A".

NEBRASKA PUBLIC POWER DISTRICT

CITY OF GRAND ISLAND, NEBRASKA

By: _____

By: _____

Printed Name: Patrick L. Pope

Printed Name: _____

Title: Vice President & Chief Operating Officer

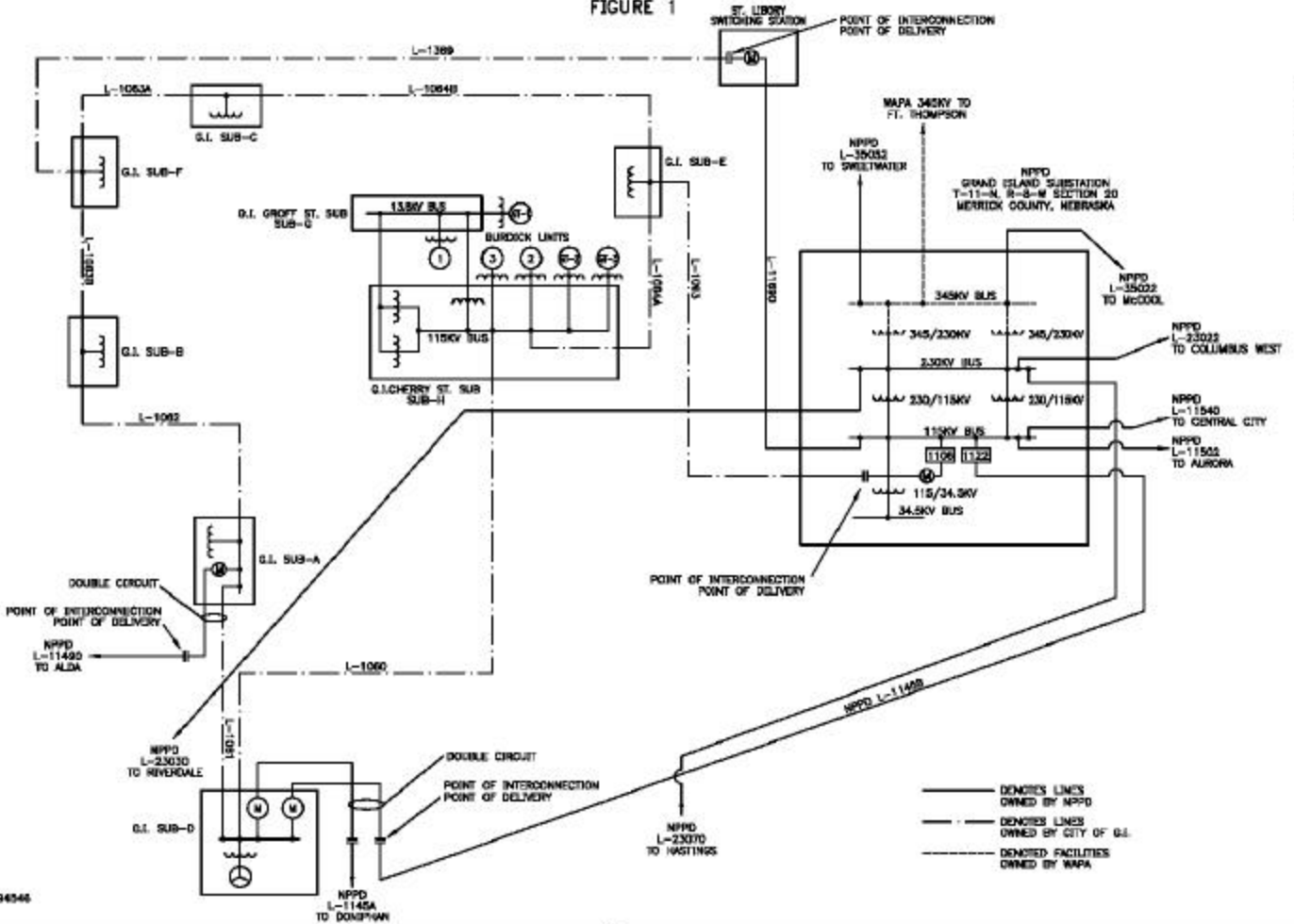
Title: _____

Date: _____

Date: _____

EXHIBIT A, FIGURE 1

NEBRASKA PUBLIC POWER DISTRICT
AND
CITY OF GRAND ISLAND
ELECTRIC INTERCONNECTION AND INTERCHANGE AGREEMENT (AGREEMENT)
EXHIBIT A
FIGURE 1



NEBRASKA PUBLIC POWER DISTRICT

and

CITY OF GRAND ISLAND, NEBRASKA

ELECTRIC INTERCONNECTION AND INTERCHANGE AGREEMENT (Agreement)

EXHIBIT “B”

TRANSMISSION SERVICE RATE SCHEDULE

Current Transmission Service Rate Schedule is located at NPPD.com

EXHIBIT “C-1”

**Nebraska Public Power District
and
City of Grand Island, Nebraska**

ELECTRIC INTERCONNECTION AND INTERCHANGE AGREEMENT

Transmission Service between WAPA and City of Grand Island

1. Transmission for WAPA Delivery

NPPD provides to City firm Point-to-Point transmission service for City’s capacity delivery from the Western Area Power Administration (WAPA), on NPPD’s transmission system under NPPD’s Transmission Service Rate Schedule (T-2) or its successor, to the interconnection between NPPD and the City. The reservation on NPPD’s system for this WAPA delivery shall be based on the monthly capacity reservation from City to NPPD, rounded up to the nearest whole megawatt, if applicable. Such reservation shall be in accordance with NPPD’s Transmission Service Rate Schedule (T-2).

2. Payment by City – All bills for transmission service supplied pursuant to this Agreement shall be rendered in accordance with T-2.

3. Transmission Contract Path – City’s rights hereunder effect a contractual path for the transmission of power and energy between the City and WAPA. City shall have the right to schedule power and energy transactions with WAPA over said contractual path; provided, however, that:

a. Each such transaction shall be accomplished by means of schedules between City and NPPD, in accordance with procedures established in the Agreement, and corresponding schedules between NPPD and WAPA, and

b. For the purpose of load control area accounting, such transactions shall be scheduled by NPPD, and City shall be responsible for all accounting and billing between City and WAPA.

c. City shall arrange for compensation for losses on the NPPD system, at the loss percentage, identified in NPPD’s Transmission Service Rate Schedule (T-2).

4. Contingencies - In event of any contingency on the NPPD, WAPA or City system resulting in a reduction of the total capacity, which limits the ability to deliver power or energy from WAPA to the City, the City shall, except as may be otherwise specifically agreed to by the Parties, reduce the scheduled deliveries for such transactions as requested by NPPD system operator.
5. Term – This Exhibit “C-1” shall remain in force and effect concurrently with the term of the Amended and Restated Electric Interconnection and Interchange Agreement.

RESOLUTION 2011-83

WHEREAS, in 1981, in order to establish roles and responsibilities between the City of Grand Island Electric Department and Nebraska Public Power District (NPPD), an Electric Interconnection and Interchange Agreement was created; and

WHEREAS, the interconnection of these two electric systems has increased substantially since 1981; and

WHEREAS, the Federal Energy Regulatory Commission (FERC) and the National Electric Reliability Corporation (NERC) have expanded the national regulatory scheme for the electric industry across the country, creating governing organizations to control the operation of electric utilities and to require reporting of operational information; and

WHEREAS, the Nation’s electric grid is divided into Regional Transmission Organizations (RTO) that ensure the reliability and stability of the system; and

WHEREAS, various reports are required to be filed with the appropriate RTO; and

WHEREAS, due to increased regulations and requirement changes, the existing 1981 agreement has become obsolete.

NOW, THEREFORE, BE IT RESOLVED BY THE MAYOR AND COUNCIL OF THE CITY OF GRAND ISLAND, NEBRASKA, that the Mayor is hereby authorized, on behalf of the City, to execute the Amended and Restated Electric Interconnection and Interchange Agreement with Nebraska Public Power District.

- - -

Adopted by the City Council of the City of Grand Island, Nebraska, March 22, 2011

Jay Vavricek, Mayor

Attest:

RaNae Edwards, City Clerk

Approved as to Form ☐ _____
April 7, 2011 ☐ City Attorney